



United States
Department of
Agriculture

Farmers
Home
Administration

Washington
D.C.
20250

FmHA AN No. 1335 (1924)

February 3, 1986

SUBJECT: Servicing Delinquent Farmer Program Loans
For Fiscal Year 1986

TO: All State Directors, Farmer Program Chiefs,
District Directors, and County Supervisors

Purpose/Intended Outcome: The purpose of the AN is to provide guidance to field offices and provide consistency nationwide regarding the servicing of Farmer Program (FP) borrowers whose loans are in monetary default. The intended outcome is to provide a systematic and prioritized manner of servicing those FmHA FP loan accounts which are delinquent.

Comparison With Previous AN: This AN replaces AN 1286 issued November 1, 1985.

Implementation Responsibilities: The following procedure will be followed in the issuance of notices to FP borrowers whose loans are in monetary default. These procedures do not apply to nonmonetary defaults. Borrowers who have made unauthorized dispositions of security will be handled under §1962.49(c)(1) and no cover letter will be used. Borrowers who no longer operate their farms will be handled under FmHA Instruction 465.1, XVII C and no cover letter will be used. Borrowers under the jurisdiction of a bankruptcy court will be handled under §1962.47, and this AN does not apply.

Category 1

The following borrowers will immediately be sent: Forms FmHA 1924-14 "Farmer Program Borrower Servicing Options Including Deferrals and Borrower Responsibilities," 1924-25 "Notice of Intent to Take Adverse Action," 1924-26, "Borrower Acknowledgement of Notice of Intent to Take Adverse Action" and cover letter, Attachment A.

Borrowers who have at least one loan on which no payment has been made for the past three years (since December 31, 1982) as per Report Code 540 "Status Report of Farmer Program Accounts."

Expiration Date: November 30, 1986

FILING INSTRUCTIONS:
Preceding FmHA Instruction 1924-B



When all servicing actions requested by the borrower have been considered and it has been determined that available servicing options cannot be granted, the borrower must be notified of FmHA's decision and given the opportunity to appeal. While any appeal is pending, a current FmHA Farm and Home Plan must be developed and Form FmHA 1962-1 "Agreement for the Use of Proceeds, Release of Chattel Property" must be completed providing for the release of proceeds for essential family living and farm expenses. Such releases must be provided during any administrative appeal proceedings and continue until such accounts are accelerated.

Category 2

Other borrowers who are in monetary default as of December 31, 1985, (Finance Office Report Code 540) will immediately be sent Form FmHA 1924-14 only and cover letter, Attachment B.

When all servicing actions requested by the borrower have been considered and it has been determined that available servicing options cannot be granted, the borrower must be notified of FmHA's decision and given the opportunity to appeal. While any appeal is pending, a current Farm and Home Plan must be developed and Form FmHA 1962-1 must be completed providing for the release of proceeds for essential family living and farm expenses. Such releases must be provided during any administrative appeal proceedings and continue until such accounts are accelerated. These borrowers will not be sent Form FmHA 1924-25 or 1924-26 because of a monetary default until directed by the Administrator to do so.

For those borrowers on Finance Office Report Code 540 whose accounts indicate one or more loans with no payments ever made, the County Office will determine aging of the account by reviewing the case file and classifying the borrower as to the year the first installment was due and issue the appropriate notice as set forth in this AN.

Borrowers who were sent both the "Predetermination" package and an acceleration notice before October 20, 1984, will be sent no notices or letters of any kind. You should proceed to liquidate these cases, in consultation with OGC.

ADDITIONAL CREDIT MAY NOT BE EXTENDED TO BORROWERS WHO DO NOT QUALIFY FOR SERVICING ACTION UNLESS A FARM PLAN CAN BE DEVELOPED WHICH MEETS THE REQUIREMENTS OF §1924.57(c)(5)(i)-(v)



VANCE L. CLARK
Administrator

2 Attachments

ADMINISTRATOR
FARMERS HOME ADMINISTRATION
WASHINGTON, D.C.

FmHA AN No. 1335 (192:
Attachment A

Dear Borrower:

This letter and the accompanying material is extremely important to you since it concerns your loan with the Farmers Home Administration. Please----I urge you to read all of this carefully.

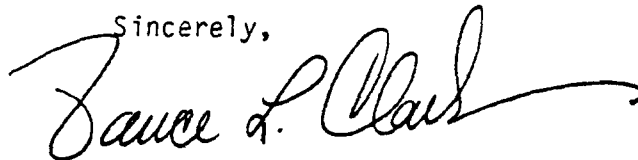
As you well know, your loan with us is seriously delinquent or has other serious problems connected with it. This situation requires your immediate attention. New regulations adopted by the Farmers Home Administration, ~~as mandated by the Federal courts~~, require us to send you the enclosed letter. You now have 30 days in which to respond should you wish us to consider any of the alternate servicing actions outlined.

These are, of course, difficult times in agriculture and you now need to make some tough decisions as to your future. Your loan with us which is in default, makes your decisions even more difficult.

We at the Farmers Home Administration will do what we can to help. You need to read carefully the attached material and to respond to us within 30 days so that we may meet with you and perhaps advise you as to what relief, if any, we may be able to offer.

Again----please read the enclosed information very carefully and return the required form to the local County FmHA office within the next 30 days.

Sincerely,



VANCE L. CLARK
Administrator



United States
Department of
Agriculture

Farmers
Home
Administration

Dear Borrower:

This letter is extremely important to you since it concerns your loan with the Farmers Home Administration.

Our records indicate that your loan(s) with us were in default on December 31, 1985. This situation requires your immediate attention.

These are of course difficult times in agriculture and you now need to make some tough decisions as to your future. The status of your loan(s) with us makes your decisions even more difficult. We are enclosing Form FmHA 1924-14, (Farmer Program Borrower Servicing Options Including Deferrals and Borrower Responsibilities), which describes the options that may provide relief to your financial difficulty.

Please contact us within 30 days for an appointment so that we may meet with you and advise you as to what relief, if any, we may be able to offer. Our phone number and address is as follows:

Sincerely,

County Supervisor